

News Release



U.S. Department of Labor
Office of Public Affairs
Philadelphia
Release Number: III-03-07-2-095-NJ

For Immediate Release
Wed., Jul. 2, 2003
Contact: Sharon Morrissey
Phone: (202) 693-8664

Abandoned New Jersey 401(K) Plan Sued by Labor Department For Failing to Release Participants' Assets

NEWARK, NJ – The U.S. Department of Labor sued the abandoned Farmstead Asset Management Services LLC 401(k) plan of Cranberry, NJ to permit its participants access to and to authorize distributions from their individual accounts in the plan.

Since 1999, the suit alleges that Farmstead's owners and plan trustees, Anthony Farrugia and Alan Anger, abandoned their duties and positions with the plan. Neither man has appointed trustees as replacements; therefore, no one has taken fiduciary responsibility for the operation of the plan and its assets. The department also believes the company to be defunct and its plan has not been formally terminated.

"The law states that plans must be managed and operated by employers or plan fiduciaries," said Francis Clisham, regional director of department's New York regional office of the Employee Benefits Security Administration (EBSA), which investigated the violations of the Employee Retirement Income Security Act (ERISA). "Our case was filed to ensure that these workers and their families have someone with authority to transact plan business and distribute its assets to eligible participants."

The department's complaint, filed July 1 in federal district court in Newark, NJ, asks the court to appoint an independent fiduciary to administer the plan, distribute plan assets to the participants and then terminate the plan. The suit also names the plan's custodian, Reliastar Life Insurance Company of Hartford, Conn., as a defendant for the sole purposes of ensuring relief among the parties in this case.

There were 7 participants in the plan, including Farrugia and Anger, and assets totaling approximately \$21,500.

Employers and workers can contact the New York Regional Office at **(212) 607-8600** or EBSA's toll free number, **1-866-444-EBSA (3272)**, for help with problems relating to private-sector pension and health plans.

#

(Chao v. Farmstead Asset Management Services, LLC 401(k) Plan)